



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **HB 538** HLS 09RS 1275
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 19, 2009 12:40 PM	Author: ANDERS
Dept./Agy.: Agriculture & Forestry	
Subject: Louisiana Agricultural Finance Authority (LAFA)	Analyst: Travis McIlwain

AGRICULTURE

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Provides relative to the Louisiana Agricultural Finance Authority

Proposed law provides for definitions of agribusiness, agricultural plant, agricultural producer, agricultural product and livestock. Proposed law provides for the authority to appoint a director and assistant director of the agriculture loan program. Proposed law provides the authority with the power to make and guarantee agricultural loans. The authority granted will allow LAFA to: 1.) loan funds to any person to expended to acquire, construct, furnish, equip, make necessary improvements to, or purchase land for any agricultural plant, 2.) loan to any person funds for operating capital, market development and product inventories, 3.) guarantee funds on an interim or long-term basis for an amount to be expended to acquire, construct, furnish, equip, make necessary improvements to, or purchase land for, any agricultural plant for any loan made by any lending institution, 4.) guarantee funds on an interim or long-term basis to any person for operating capital, market development, and product inventories, 5.) renegotiate, refinance or foreclose on any mortgage or commence any action to protect or enforce any right or benefit. Legislation provides that the aggregate of loans cannot exceed \$20 million.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This bill transfers powers and duties of the State Market Commission to the Louisiana Agricultural Finance Authority (LAFA). This bill also provides for LAFA, an off-budget entity of the Department of Agriculture & Forestry, to participate in cooperative endeavors involving loans and loan guarantees involving private business enterprises, nonprofit institutions and organizations, the state and political subdivisions thereof and the federal government.

Proposed law will allow LAFA to administer community development block grant funding from the federal government in the approximate amount of \$54.0 million as a result of the crop damages statewide from tropical storm Faye and hurricanes Gustav and Ike. The department is anticipating 900 to 1,000 loan applications with the goal of beginning the process within 60 days. The administrative cost associated with the community development block grant funding will be paid by the federal grant program itself.

Pursuant to the proposed legislation, any monies received within this program will be deposited into the created Agricultural Products Processing Development Fund and expended from that specific fund.

The treasurer has noted that if a number of special and administrative funds increases during the 2009 Regular Session to cause a workload increase, a state treasury fiscal analyst position will be necessary in order to provide the necessary functions. According to the State Treasurer’s Office there are 385 special and administrative funds created in the Treasury. The number of special funds have increased significantly since 1988; and treasury staff must perform the fund accounting, fund reporting, banking and custodial functions for each fund.

REVENUE EXPLANATION

Proposed legislation creates the Agricultural Products Processing Development Fund. Pursuant to legislation, monies received by LAFA for cooperative endeavor agreements, will be deposited into this newly created fund.

Senate

☒ 13.5.1 >= \$500,000 Annual Fiscal Cost

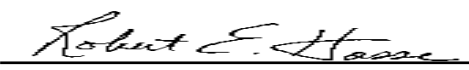
☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change

Dual Referral Rules

House

☐ 6.8(F) >= \$500,000 Annual Fiscal Cost

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease



Robert E. Hosse

LFO Staff Director